



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Approve Business Points for Solid Waste Franchise Renewal

MEETING DATE: April 2, 2008

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Approve business points described below for the solid waste franchise renewal.

BACKGROUND INFORMATION: In December 2007, the City Council directed staff to attempt to negotiate a renewal of the solid waste franchise with Central Valley Waste Services (CVWS). The intent was to do so before the required decision point (renew or bid) in the franchise agreement as this would give the City the most leverage in negotiating a favorable extension and still leave time to have a request for proposals prepared if the decision was not to renew.

Staff has met with CVWS representatives on several occasions with the following goals:

- Work with the existing franchise agreement framework
- No major changes in the basic services (i.e., the three-cart system) and the rate structure
- Keep the rates where they are now; i.e., no increase
- Improve services to both individual customers for special trash removal, such as improvements to the voucher system, and the citizenry as a whole in terms of keeping the City clean

With these goals in mind, the parties have prepared the following renewal business points. Staff is seeking Council direction on these points prior to drafting the actual renewal language.

- 1) Street sweeping – CVWS will be responsible for street sweeping at the same frequencies (or better) being done now by the City. This includes downtown sweeping, similar to what the City had done before reductions in service due to budget constraints. This also includes winter leaf pickup, which would be done with additional sweepers; hence one change from past practices is that customers would be asked to not pile leaves.
- 2) Public on-street trash container service – CVWS will service these containers (mainly in the Downtown) at no additional charge.
- 3) City service – CVWS will service the trash containers/bins at City facilities, including parks, at no additional charge.
- 4) Billing service – CVWS will continue to reimburse the City for a share of billing expenses and the amount will be indexed the same as the annual CPI rate adjustments. For the past several years, the amount has been fixed.
- 5) Hazardous waste – CVWS will host quarterly electronic/universal waste and annual household hazardous waste collection events at their Turner Road facility or other Lodi location.

APPROVED: _____

Blair King, City Manager

- 6) Annual rate adjustments – will be the same as the annual change in the Consumer Price Index. This is a very slight increase in future adjustments, as they are now at 80% of the CPI. The difference typically has been fractions of a percent.
- 7) Renewal term – is another seven years with one CVWS option to renew for an additional seven years. Staff recommends that the new term start in 2008.
- 8) Technical ordinance revisions – CVWS has asked for clarification of some definitions of service classes.
- 9) Compactor rates – CVWS has asked for a new rate for servicing certain types of large trash compactors that are labor intensive.

The provisions for public services (1, 2 and 3 above) would include provisions for growth.

The business points will need to be drafted into detailed terms in an amendment to the franchise agreement, including performance criteria and measures as appropriate. Pending Council direction, staff will attempt to have this done and brought back to the City Council for approval before FY 08/09.

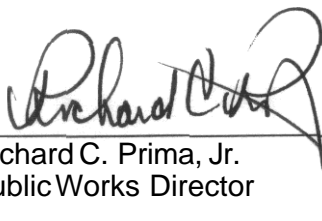
FISCAL IMPACT:

The proposed terms will have a positive fiscal impact on the City and its taxpayers in both direct cost savings and indirect improvements in service. The direct cost of trash service that would now be included in the franchise is approximately \$70,000 per year. Indirect savings that would improve

service will result from staff time now being utilized for street sweeping and downtown and park trash collection. **Also**, there will be cost savings resulting from not having to maintain various pieces of equipment, mainly street sweepers.

FUNDING AVAILABLE:

Not applicable.



Richard C. Prima, Jr.
Public Works Director

RCP/pmf

Solid Waste Franchise Renewal "Business Points"

Lodi City Council
April 2, 2008

Background

- State law authorizes negotiated franchise agreements for solid waste
- City has historically negotiated franchise
- Current franchise runs to March 2010
- One-year notice required on renewal
- December 17, 2007 – Council directed staff to start negotiations early for best leverage, leaving time to rebid

Negotiation Goals

- Work within the existing franchise agreement
- No major changes in the basic services and the rate structure
- Keep the rates where they are now
- Improve services to individual customers for special trash removal and the public overall in keeping the City clean

Process

- Internal staff meetings
- Meetings with CVWS representatives
- Focused on main points
- Seeking Council direction of main business points before drafting detailed documents
- Will return to Council for approval of franchise agreement extension

Draft Business Points

1) Street sweeping by CVWS:

- a) Same frequency as city, or more often
- b) Includes downtown sweeping
- c) Includes winter leaf pickup, which would be done with additional sweepers
- d) Customers would be asked not to pile leaves.
- e) Additional recycle container available

Street Sweeping & Solid Waste

- **State -PUBLIC RESOURCES CODE
§ 49300**

The legislative body of a city may contract for the collection or disposal, or both, of garbage, waste, refuse, rubbish, offal, trimmings, or other refuse matter under the terms and conditions that are prescribed by the legislative body of the city by resolution or ordinance.

Lodi Municipal Code

§ 13.16.030 Contract for refuse collection and transportation.

The city has the exclusive right and duty to collect and transport refuse within the city limits, under such terms and conditions as it deems necessary for the public health, safety and well-being; and it may contract with a contractor for the provision of those services. (Ord. 1709 § 1 (part), 2002)

Other Cities with Waste Hauler Sweeping Streets

- Davis
- Stockton
- Turlock
- Vacaville
- Woodland
- Fairfield (in transition)
- Morgan Hill
- Gilroy

Note – First six are typical Lodi salary comparison cities

Draft Business Points

2) Public on-street trash container service:

- a) CVWS will service these containers (mainly in the Downtown)
- b) Also includes some transit stops

3) City service:

- a) CVWS will service the trash containers/bins at City facilities
- b) Includes parks, both dumpsters and individual cans

Draft Business Points

4) Billing service:

- a) Continue to reimburse the City for billing expenses
- b) Amount fixed in past years
- c) Future amount indexed to CPI

5) Hazardous waste:

- a) Quarterly electronic/universal waste collection events
- b) Annual household hazardous waste collection events
- c) Both at the Turner Road facility or other Lodi location

6) Annual rate adjustments:

- a) Annual change at 100% of Consumer Price Index
- b) Now at 80% of the CPI

Draft Business Points

7) Renewal term:

- a) Seven years
- b) One CVWS option to renew for additional 7 years
- c) Staff recommends that the new term start in 2008

8) Technical ordinance revisions

- a) Industrial customer
- b) Construction & demolition debris

9) Compactor rates

- a) Rate for servicing certain types of trash compactors
- b) Labor intensive

Service Impacts

- Street sweeping per contract (not subject to City budget fluctuations)
- Improved leaf pickup (same as sweeping schedule)
- Special waste collection events in Lodi (rather than relying on County)

City Financial Impacts (Annual)

<u>Item</u>	<u>Direct Savings</u>	<u>Redirected Staff/Cost</u>
Sweeper Replacement (2)	\$ 63,500	2 staff / \$166,500
Sweeper O & M	\$ 115,900	Portion of fleet maint. time
Dump Charges	\$ 50,700	
Leaf Pickup	\$ 2,300	Approx. 1,300 hours/\$52,000
On-street, Parks & Facilities	\$ 71,500	Approx. 4,700 hours/\$167,000
Billing: Increased reimbursement	\$ 7,500	(assumed 3%)
Totals:	\$ 311,400	\$ 385,400

Total economic impact: \$697,000

(\$241,000 Streets, \$228,000 WW, \$228,000 GF)

Rate Impacts

- No impact in 2008
- Future increases are CPI based
 - Currently at 80% of CPI, plus extraordinary fuel and dump fees
 - Proposed to be 100% of CPI, plus extraordinary fuel and dump fees
 - Annual average CVWS revenue difference from CPI change for past three years:
\$ 47,000

Average of last three years

CVWS Rate revenue	80% of CPI	Total Adj.	Revenue Increase based on 80% CPI	Additional Revenue if 100% CPI	Monthly Service Charge Difference
\$ 7.9 million	2.46%	3.21%	\$ 188,000	\$47,000	\$0.13

Notes:

- Total adjustment includes landfill and extraordinary fuel costs per franchise agreement
- Service charge difference based on 38 gal service

Other Points

- City is approaching very tight budget year
- Street Fund dependent upon general fund and gas tax
- General fund has many competing interests

Summary of Business Points

- 1) Street sweeping
- 2) On-street service
- 3) City service
- 4) Billing service
- 5) Hazardous waste events
- 6) Annual rate adjustment formula
- 7) Renewal terms
- 8) Technical ordinance revisions
- 9) Compactor rates

Good evening Mayor Mounce, Council members

My name is Steve Haley. I live at 196 Evelyn Ct. Woodbridge

TALK ON SWEEPING (ASPHALT)

I am one of the sweeper operators for public works.

I have been a city employee for 30 years and take pride in the job and service we provide. It concerns me that the city manager and public works director think so little of our service to the citizens of Iodi.

I am not alone in asking why the city would entertain the idea of contracting services.

OUR

The sweeping program has been compared many times over the past years to other agencies and contractors and has always proven to be cost effective. From time to time companies have brought their crews and equipment in during leaf season to do trial runs only to say no thanks we cannot match your work. One reason for this is we do not need to operate for profit.

We are looking at a sweeping contract that came as a surprise to us at a low ball bid. This low ball bid is not realistic and will be asking for more money as soon as the city disposes of its equipment after all they are in business to make money.

(It seems to bring more questions than solutions)
FEEL

The citizens will be outraged to find out they are going to be charged new fees for a service that they have already been paying for. Are our citizens ready to pay extra for the removal of a pile of leaves in front of their house even if it's a city tree? Who is to notify all the landscapers, homeowners and business owners they can no longer put anything in the street

THE USE OF A CONTRACTOR BRINGS MORE QUESTIONS THAN ANSWERS.
Other concerns are in the area of storms are flooding due to leaves and debris.

Normal sweeping will not be able to handle the amount of leaves that naturally fall, DURING LEAF SEASON.

This will mean more overtime to manually clear the streets. DURING RAINY DAYS,

There will be pump damage due added debris in pump stations.

What will be the response time if a contractor is used for sweeping?

How much staff time is going to be used in redirecting all the calls for information, complaints, and emergencies.

It is hard to believe that a contract of this size is not going out to bid.

We believe council should put this out to formal bid. We feel this will be an eye opener for the council and will show how good our own program is performing.

I ask you to let us continue our service to the citizens and turn down this proposal.

The citizens do not need to pay twice for the services they already receive.

Thank you

2010, why not trial run.

we run CNG.

STOCKTON - waste wheeler or bag only.